

**Market Rules Notice No: 022**

**Issue Date: 14 January 2013**

**Effective Date: 01 March 2013**

**NET EXPOSURE PARAMETERS**

This notice is issued by APX as a Market Rules Notice pursuant to paragraph 21.8 of the APX Rules and is binding on all Members. This notice specifies certain parameters relating to the definition of Net Exposure, which is set out in schedule 1 of the APX Rules.

Terms defined in the APX Rules (including, where relevant in the relevant Power Trading Terms) bear the same meaning in this notice, except where the context otherwise requires. References to paragraphs are, unless otherwise stated, references to paragraphs in this Market Rules Notice.

This Market Rules Notice supersedes APX Rules Notice 020.

**1. Parameters**

As contemplated by the APX Rules, Net Exposure parameters are as follows.

**1.1 OCM Products**

	INITIAL MARGIN (BUY) (‘I’)	ORDER MARGIN (BUY) (‘A’)		INITIAL MARGIN (SELL) (‘J’)	ORDER MARGIN (SELL) (‘B’)	
		T1*	T2*		T1*	T2*
<b>ALL PRODUCTS</b>	#N/A	#N/A	100.0%	#N/A	#N/A	-100.0%

\*See paragraph 2.1 below.

**1.2 Day-ahead-market Products**

	INITIAL MARGIN (BUY) (‘I’)	ORDER MARGIN (BUY) (‘A’)		INITIAL MARGIN (SELL) (‘J’)	ORDER MARGIN (SELL) (‘B’)	
		T1*	T2*		T1*	T2*
<b>NBP MONTH</b> <i>Calendar Month</i>	5.8%	5.8%	5.8%	7.1%	7.1%	7.1%
<b>NBP BOM</b> <i>Balance of Calendar Month</i>	9.2%	9.2%	9.2%	13.6%	13.6%	13.6%
<b>NBP WDNW</b> <i>Working Days Next Week</i>	9.2%	9.2%	9.2%	13.6%	13.6%	13.6%
<b>NBP W-END</b> <i>Weekend</i>	14.6%	14.6%	100.0%	12.9%	12.9%	12.9%
<b>NBP BOW</b> <i>Balance of Week</i>	19.7%	19.7%	19.7%	19.7%	19.7%	19.7%

	INITIAL MARGIN (BUY) (‘I’)	ORDER MARGIN (BUY) (‘A’)		INITIAL MARGIN (SELL) (‘J’)	ORDER MARGIN (SELL) (‘B’)	
<b>NBP DAY</b> <i>Day</i>	19.7%	19.7%	100.0%	19.7%	19.7%	19.7%

\*See paragraph 2.1 below.

### 1.3 Spot Power Products

	INITIAL MARGIN (BUY) (‘I’)	ORDER MARGIN (BUY) (‘A’)		INITIAL MARGIN (SELL) (‘J’)	ORDER MARGIN (SELL) (‘B’)	
		T1*	T2*		T1*	T2*
<b>BASE WEEK</b>	9.6%	9.6%	9.6%	13.1%	13.1%	13.1%
<b>PEAK WEEK</b>	13.5%	13.5%	13.5%	16.9%	16.9%	16.9%
<b>OTHER BASE PRODUCTS†</b>	34.2%	34.2%	100.0%	34.2%	34.2%	34.2%
<b>OTHER PEAK PRODUCTS†</b>	42.4%	42.4%	100.0%	42.4%	42.4%	42.4%

\*See paragraph 2.1 below.

†See paragraph 2.2 below.

### 1.4 Gas Storage Products

	INITIAL MARGIN (BUY) (‘I’)	ORDER MARGIN (BUY) (‘A’)		INITIAL MARGIN (SELL) (‘J’)	ORDER MARGIN (SELL) (‘B’)	
		T1*	T2*		T1*	T2*
<b>ALL PRODUCTS</b>	#N/A	#N/A	100.0%	#N/A	#N/A	0.0%

\*See paragraph 2.1 below.

### 1.5 Floor Parameters

The initial-margin floor parameter (‘G’) and the order-margin floor parameter (‘H’) each have a value of zero, in all circumstances.

### 1.6 Position-Limit Parameter

The position-limit parameter (in respect of Spot Power Trades) has a value of £201/MW.

## 2. Interpretation

### 2.1 Parameter Types

For the purposes of paragraph 1 above, parameter types are defined as follows.

PARAMETER TYPE	DEFINITION
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<b>TYPE 'T1'</b>	PARAMETER TYPE TO BE APPLIED WHERE RELEVANT PRODUCT IS MORE THAN 24 HOURS FROM COMMENCEMENT OF ITS FIRST DELIVERY PERIOD
<b>TYPE 'T2'</b>	PARAMETER TYPE TO BE APPLIED WHERE RELEVANT PRODUCT IS WITHIN 24 HOURS OF COMMENCEMENT OF ITS FIRST DELIVERY PERIOD

## 2.2 Spot Power Product Groups

For the purposes of paragraph 1.3 above, Spot Power Product types are grouped as follows.

	<b>PRODUCT TYPE</b>
<b>OTHER BASE PRODUCTS</b>	HALF HOUR ONE HOUR (AUCTION) 2 HOUR BLOCK 4 HOUR BLOCK OVERNIGHT OFFPEAK BASE WEEKEND OVERNIGHT WEEKEND BASE
<b>OTHER PEAK PRODUCTS</b>	BLOCK 3+4 PEAK EXTENDED PEAK WEEKEND 5 WEEKEND 6 WEEKEND 3+4 WEEKEND PEAK WEEKEND EXTENDED PEAK

## 2.3 Time of Irrevocable Delivery

For the purposes only of paragraph 1.3 of schedule 1 of the APX Rules, Products are to be considered Irrevocably Delivered, in respect of their constituent Delivery Periods, at the following times.

<b>PRODUCT</b>	<b>IRREVOCABLY DELIVERED (TIME)</b>
<b>ALL OCM PRODUCTS</b>	FOR NET BUYS IN ANY GIVEN PRODUCT – UPON MATCHING FOR NET SELLS IN ANY GIVEN PRODUCT – UPON MATCHING
<b>ALL DAY-AHEAD-MARKET PRODUCTS</b> <b>ALL SPOT POWER PRODUCTS</b>	FOR NET BUYS IN ANY GIVEN PRODUCT – 24 HOURS BEFORE COMMENCEMENT OF RELEVANT DELIVERY PERIOD FOR NET SELLS IN ANY GIVEN PRODUCT – AT COMMENCEMENT OF RELEVANT DELIVERY PERIOD
<b>ALL GAS STORAGE PRODUCTS</b>	FOR NET BUYS IN ANY GIVEN PRODUCT – UPON MATCHING FOR NET SELLS IN ANY GIVEN PRODUCT – AT END OF RELEVANT DELIVERY PERIOD